(12) Exemption of lending to step down subsidiary from group exposure limit

(13) Revision of take out financing guidelines issued by RBI

(14) Allowing banks, FIs and NBFCs to raise long term resources (say minimum 10 years) from overseas market

(15) Giving investment in unlisted equity capital of infrastructure companies the same tax treatment as listed equity investment

(16) The Criteria applied to venture or private equity funds to qualify as bidding partners should be uncommitted investible funds managed by these entities and available for deployment.

(d) and (e) Considering the fact that India has foreign exchange reserve and there have been recommendations from various institutions and experts to utilize the same for infrastructure building, the Government's intention to examine the legal and regulatory aspects of this particular recommendation of the Deepak Parekh Committee Report was stated in the Budget Speech. The other recommendations of the Committee are under consideration. The time-frame and roadmap for the implementation of this recommendation will be announced once a decision is taken on the modalities by Government in consultation with RBI.

Mutual Fund Industry

2297 SHRl SANJAY RAUT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that for inspections of Mutual Funds (which industry is having assets under managertftnt of around Rs. 4,89,000 crores). Securities and Exchange Board of India does not use its own staff;

(b) whetHfcr the Securities and Exchange Board of India is using outside agencies for inspections of Mutual Funds;

(c) if so, whether experience in Mutual Funds is one of the criterions of selection of such agencies; and

(d) what is the surveillance mechanism used by Securities and Exchange Board of India for Mutual Fund Industry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

(b) Inspection of Mutual Funds is undertaken by RBI empanelled Statutory Central Auditors of public sector banks/All India Financial Institutions.

(b) Experience in financial sector auditing is one of the inputs in the decision making process for such selection.

(d) In addition to inspections, Securities and Exchange Board of India gets reports from the Trustees and the Asset Management Companies of mutual funds.

Ailing Regional Rural Banks

230. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to provide Rs. 1850 crore package to 29 ailing Regional Rural Banks;

(b) if so, what are the main points required to address this package;

(c) whether the State Government are willing to pump in 15 per cent of the amount in line with their shareholdings; and

(d) if so, to what extent it will help in improving the ailing rural banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The Budget Proposals for the year 2007-08 include the proposal to recapitalize, in a phased programme, the Regional Rural Banks (RRBs) which have a negative networth.

(b) RRBs are jointly held by Central Government/State Governments/Sponsor Banks in the proportion of 50; 15:35 respectively. The concurrence of the State Governments concerned and Sponsor Banks for contribution of their respective shares for re-capitalization is required.

. (c) The matter has been taken up with the State Governments concerned for seeking their concurrence. The State Governments of Assam and Jharkhand have agreed to contribute their share of re-capitalization.

(d) The recapitalization will strengthen the RRBs fmancially. The infused capital would help RRBs to expand their business and become fmancially stronger.

Detection of terror financing/money laundering activities

231. SHRI VIJAY J. DARDA:
SHRIMATI SHOBHANA BHARTIA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to put in place a financial intelligence network to detect terror financing and money laundering activities and provide a common technology platform for banks, brokers in the securities market and mutual funds to find out 'suspicious' transactions and report them to the Financial Intelligence Unit (FlU) in India;

(b) whether FIU was set up in 2004 for receiving, processing, analyzing and disseminating information on suspect financial transaction and has forwarded 500 suspicious transactions to Government; and

(c) by when a final decision for detecting terror-funding will be finalized?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Government has set up a Financial Integlligence Unit, India, (FIU-IND), with a view to co-ordinate and strengthen collection and sharing of financial intelligence to combat money laundering and related crimes. FlU-fND has initiated a project called Project FINnet — Financial Intelligence Network — with the objective to adopt industry best practices and appropriate technology to collect, analyze and disseminate valuable financial information for combating money laundering and related crimes. The said project will provide a platform to reporting entities to send reports under the Prevention of Money Laundering Act, 2002 (PMLA) through secure getcway. However, the project is not intended to help reporting entities to find out suspicious transactions.

(b) FIU-IND was set up by the Government *vide* O.M. dated 19.11.2004 for receiving, processing, analyzing and disseminating information relation to suspect financial transactions to Intelligence and Law Enforcement Agencies. It has disseminated information in 877 cases to various intelligence and law enforcement agencies till 31.10.2007.

(c) The Rules framed under PMLA were amended on 24th May, 2007, to provide that a transaction which gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism, will also be a "suspicious transaction" and the banking